

# STANDARD MAIL PARCEL MAIL PROCESSING COST MODEL

## I. PREFACE

### A. Purpose and Content

USPS-FY16-12 documents the mail processing unit cost estimates for the Standard Mail machinable, irregular, and marketing parcels price categories.

### B. Predecessor Document

Last year, the predecessor model was presented in Docket No. ACR2015, USPS-FY15-12.

### C. Corresponding Non-Public or Public Document

There is no non-public document that corresponds to USPS-FY16-12.

### D. Methodology

The Standard Mail parcel mail processing cost model relies on the same cost methodology that was presented by the Postal Service in Docket No. ACR2015, USPS-FY15-12.

### E. Inputs / Outputs

The Standard Mail parcel mail processing unit cost estimates by price category are calculated using the following inputs:

<u>Input Source</u>	<u>Input Description</u>
USPS-FY16-4	Standard Mail billing determinants
USPS-FY16-7	Volume variability factors Premium pay factors Other mail processing wage rate Overhead factors
USPS-FY16-23	MODS productivity data
USPS-FY16-25	Operations specific piggyback factors
USPS-FY16-26	Standard Mail parcel mail processing unit cost estimate by cost pool

2016 Special Weight Reports	Weight Data
2016 WebEOR data	Equipment reject rates
2014 parcel field study	Productivity data Postal arrival and dispatch profiles Average cubic feet per piece by mail type
2010 PostalOne! data	Non-dropship entry point percentages
2009 ODIS data	ASF coverage factor ASF dock transfer percentage SCF IPP coverage factors
2009 WebEOR data	PPSM transfer volume percentage PPSM finalization percentage
2009 Standard Mail parcel field study	Irregular rolls percentage Pieces per sack estimates Average container heights Average container fullness percentages Mail arrival profile Container space utilization percentages IPP operation outgoing volume percentage
USPS-FY08-15	PSM keying productivity estimate

The Standard Mail parcel cost estimate outputs are relied upon to develop the discount and passthrough values contained in USPS-FY16-3. In addition, the Standard Mail parcel mail entry profile and some marginal productivity values are used to develop cost estimates in USPS-FY16-13.

## II. ORGANIZATION

The Standard Mail parcel cost estimates are presented in the Microsoft Excel workbook 'USPS-FY16-12.xlsx' in the spreadsheet tab entitled 'MP Summary' (page 1). Data sources are referenced in each spreadsheet throughout the workbook. The results are also reported in Table 1 below.

**Table 1:  
Standard Mail Parcel  
Mail Processing Unit Cost Estimates**

<b>Standard Mail Parcels Price Category</b>	<b>Entry Discount</b>	<b>Mail Processing Unit Cost</b>
<b>Machinable</b>		
Machinable MNDC	None	\$1.840
Machinable NDC	None	\$1.341
Machinable NDC	DNDC	\$1.321
Machinable 5-Digit	DNDC	\$0.638
Machinable 5-Digit	DSCF	\$0.526
Machinable 5-Digit	DDU	\$0.494
<b>Irregular</b>		
Irregular MNDC	None	\$2.054
Irregular NDC	None	\$1.804
Irregular NDC	DNDC	\$1.790
Irregular 3-Digit	DNDC	\$1.262
Irregular 5-Digit	DNDC	\$0.609
Irregular 3-Digit	DSCF	\$1.217
Irregular 5-Digit	DSCF	\$0.515
Irregular 5-Digit	DDU	\$0.493
<b>Marketing</b>		
Marketing MNDC	None	\$1.964
Marketing NDC	None	\$1.618
Marketing NDC	DNDC	\$1.614
Marketing 3-Digit	DNDC	\$1.231
Marketing 5-Digit	DNDC	\$0.601
Marketing 3-Digit	DSCF	\$1.228
Marketing 5-Digit	DSCF	\$0.509
Marketing 5-Digit	DDU	\$0.492